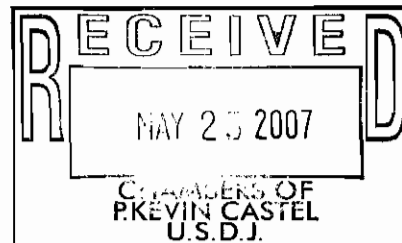




**MEMO ENDORSED**

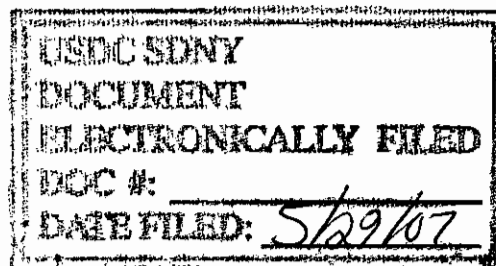
Robert W. Mauriello, Jr.  
Direct Dial 973-401-7119  
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May 24, 2007

BY FEDERAL EXPRESS

The Honorable P. Kevin Castel, U.S.D.J.  
United States District Court, Southern District of New York  
United States Courthouse  
500 Pearl Street  
New York, New York 10007-1312



Re: The Travelers Indemnity Company, et al. v. KS Bearings Inc., et al.  
Case No. 07-CV-2942

Dear Judge Castel:

This firm represents plaintiffs The Travelers Indemnity Company and Travelers Casualty and Surety Company ("Travelers") in the above-referenced action. This is a declaratory judgment action in which Travelers seeks the resolution of a claim by defendant KS Bearings, Inc. ("KS Bearings") that it is entitled to coverage under certain insurance policies issued by or allegedly issued by Travelers to certain entities other than KS Bearings in connection with an underlying environmental pollution claim (and potentially other such claims). After Travelers filed the Complaint in this action, KS Bearings filed a lawsuit in Indiana (the "Indiana Action").

In lieu of the initial Rule 26(f) conference, counsel for the parties have agreed to enter into a 180-day stay of this action and the Indiana Action in order to engage in formal mediation. The parties have already exchanged the names of proposed mediators and expect that 180 days should allow the parties sufficient time to resolve this dispute with the assistance of a mediator.

If the parties' planned 180-day stay of this action for mediation is acceptable to Your Honor, the parties respectfully request that the stay be entered on the docket and that the June 1, 2007 conference with Your Honor be adjourned without date. We will keep the Court apprised of any developments and will report back to Your Honor on the progress of the mediation thirty (30) days before the end-date of the proposed stay.



The Honorable P. Kevin Castel, U.S.D.J.  
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Of course, if Your Honor has any questions regarding the above, I am available to arrange a conference, either telephonic or in-person, with counsel.

Respectfully,

Robert W. Mauriello, Jr.

RWM/ems

cc: John P. Fischer, Esq. (by electronic mail)

While I am pleased to learn of the forthcoming mediation, I will at this time adjourn the initial conference from June 1 to September 6, at 11 am. No good reason for extending beyond that date has been presented in the letter of May 24. The parties always have the option of dismissing without prejudice coupled with a tolling of the statute of limitations.

SO ORDERED,  
*[Signature]*, USDT  
5-25-07